

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Notice LP-1767

For: State and County Offices

2000 Crop Year Beneficial Interest Provisions

Approved by: Deputy Administrator, Farm Programs



1 Overview

A

Background

The Agricultural Risk Protection Act of 2000, Section 206 amended the Federal Agriculture Improvement and Reform Act of 1996 to provide loan deficiency payments (LDP's) to producers who produced a contract commodity on a farm not covered by a production flexibility contract (PFC). Section 206 (c) provided for a transition period about beneficial interest for these LDP's. Notice LP-1762, issued on October 30, 2000, provided instructions for calculating LDP's on contract commodities produced on a farm with no PFC.

The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001 contained several provisions extending eligibility for marketing assistance loans and LDP's. These provisions included transition periods for beneficial interest as follows:

- Section 812 provided for marketing assistance loans and LDP's for 2000 crop honey and a beneficial interest transition period from date marketed or redeemed through November 27, 2000
- Section 837 provided for an increase in 2000 crop year payment limitation for marketing assistance loans and LDP's and a beneficial interest transition period from date harvested through 30 calendar days after the date of filing regulations for public inspection at the Office of Federal Register (OFR)
- Section 845 provided for an exemption to Debt Collection Improvement Act of 1996 (DCIA) requirements for marketing assistance loans and LDP's and a beneficial interest transition period from March 21, 2000, through October 27, 2000.

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Disposal Date

January 1, 2002

Distribution

State Offices; State Offices relay to County Offices

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1 Overview (Continued)

A

Background (Continued)

For ease of administration, 1 beneficial interest transition period will apply for the 2000 crop year marketing assistance loans and LDP's. The beneficial interest transition period for payment limitation provides broad coverage and will be the effective transition period for 2000 crop year.

B

Purpose

This notice:

- informs State and County Offices of:
 - exemptions to the beneficial interest provisions
 - transition period for beneficial interest requirements
 - instructions for determining the LDP rate
 - further clarification of key provisions
 - obsoletes Notice LP-1762.
-

2 Special Provision for Crop Year 2000

A

Beneficial Interest Waiver

Subject to certain conditions, a producer who is otherwise eligible to receive a loan or LDP, will be allowed to receive a marketing loan gain or LDP on any eligible crop produced in 2000, even though the producer has already marketed the commodity.

The conditions are as follows:

- no one has previously received these payments for the commodity, the producer seeking payment was the actual producer of the commodity, and the producer had beneficial interest in the commodity at the time of the marketing or redemption of the commodity
 - the producer will receive the payment as a marketing loan gain if the commodity was previously pledged for a loan in which case the rate to be paid will be determined as of the date of redemption
 - the producer will receive the payment as LDP if the commodity was not pledged as collateral for a loan in which case the amount to be paid will be determined as of the date the producer marketed the commodity
 - the commodity was harvested and marketed during the transition period.
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2 Special Provision for Crop Year 2000 (Continued)

B

Transition Period

For 2000 crop year marketing assistance loans and LDP's, the beneficial interest transition period will be from the beginning of the crop year to the date that is 30 calendar days after the date of filing regulations at OFR. Commodities must be harvested and marketed during the transition period to be eligible.

A future LP notice will be issued with the ending date of the beneficial interest transition period.

3 LDP Payments and Requests

A

LDP Rate

Eligible producers shall use the LDP rate determined according to 8-LP, paragraph 985, for the following:

- fed commodities

Note: Allow producers to certify the quantity and date fed, and use the LDP rate in effect on the date fed in the county where the commodity was fed.

- quantities used as seed

Note: Allow producers to certify the quantity and date seeded, and use the rate in effect on the date seeded and in the county where the commodity was used as seed.

- quantities sold.

Notes: Obtain production evidence according to 8-LP, and use the LDP rate in effect on the date sold and in the county where the commodities were delivered.

The date the commodity was sold is defined as the date beneficial interest was lost.

B

LDP Requests

Producers who meet the special provisions in paragraph 2 may:

- request LDP's and marketing assistance loans in the normal manner
 - apply anytime before the final loan availability date
 - request LDP using CCC-666 LDP.
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3 LDP Payments and Requests (Continued)

B

LDP Requests (Continued)

Note: If the request results in multiple LDP rates too numerous to manually calculate a weighted average LDP rate, County Offices may process LDP in the automated price support system (APSS) as field direct with an approval date equal to the first date of delivery, feeding, or seeding. The prompt payment due date is 30 calendar days after the date of CCC-666 LDP approval.

C

Producers Who Have Filed LDP Requests

For eligible producers who filed an LDP request that is pending payment according to Notice LP-1762, but subsequently marketed a quantity of an eligible 2000 crop commodity during the transition period, County Offices shall process the requests using the LDP rate according to this notice.

Eligible producers who received a certified or measured LDP, and subsequently provide production evidence for a quantity marketed during the transition period, may request a new LDP using CCC-666 LDP on the quantity in excess of the original paid quantity. County Offices shall disburse a new LDP for the excess quantity using the LDP rate in effect as of the date the commodity was sold.

If beneficial interest has not been lost, use the LDP rate in effect as of the date of the original LDP request on the original LDP quantity.

D

Producers Who Did Not File LDP Requests

For eligible producers who have already marketed a quantity of an eligible 2000 crop commodity during the transition period and did not receive LDP for any reason, County Offices shall allow producers to request LDP according to subparagraph B.

E

Producers Retaining Beneficial Interest

Eligible producers may now apply for LDP's or earn marketing loan gains up to the payment limitation if the producer still retains beneficial interest in an eligible 2000 crop commodity, but did not:

- receive LDP or marketing loan gain because of:
 - payment limitation
 - any other reason
 - request a marketing assistance loan or LDP because they could not self-certify according to Notice LP-1756.
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4 State Office Action

A

Action

State Offices shall:

- publicize the contents of this notice immediately to the maximum extent possible
 - instruct County Offices to notify producers immediately of the contents of this notice using all available sources.
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5 County Office Action

A

Producer Notification

County Offices shall notify all producers immediately of the contents of this notice using all available sources.

B

DCIA Flags

County Offices shall ensure that all delinquent borrowers are flagged in the name and address file.

C

Denied Market Gain on a Marketing Loan Repayment

For producers who were not afforded the opportunity to repay a 2000 crop year loan at the marketing loan repayment rate because they exceeded the payment limitation involving a loan repayment transaction, County Offices shall:

- identify the applicable loans
 - correct the applicable loan repayment transaction using the correction software in APSS.
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5 County Office Action (Continued)

D

**Denied LDP
Amount**

For producers who were denied LDP on a portion of a quantity requested because of payment limitation, before the change in limitation, County Offices shall:

- correct the LDP transaction using APSS
 - use the original LDP rate.
-

E

**Pending
Requests for
Relief**

For producers who have requests for relief or appeals involving payment limitation or beneficial interest on file that have not been acted upon:

- State Offices shall return applicable requests to County Offices
- County Offices shall contact appellants informing them that if they will withdraw the request for relief or appeal in writing, the original LDP request will be processed.

For requests for relief that:

- are withdrawn in writing, County Offices shall process the original LDP request, using the LDP rate in effect on the date the commodity was sold
- are known to be at the NAD appeal level, State or County Offices shall contact the producer and inform them of this policy.

Note: The producer is responsible for contacting NAD to withdraw an appeal.

F

**Producers Who
Have Exchanged
Loan Collateral
With Commodity
Certificates**

Corrections are not required for commodity loan certificate redemptions on any loan where a producer has already exchanged loan collateral with commodity certificates. For these cases, producers are not eligible for additional benefits according to this notice.

If producers provide production evidence for quantities marketed that exceed the original loan quantity and were not exchanged with commodity certificates, complete a new LDP according to paragraph 3.
